

AMENDED IN SENATE JULY 23, 1997

AMENDED IN SENATE JULY 11, 1997

AMENDED IN SENATE JUNE 12, 1997

AMENDED IN ASSEMBLY APRIL 17, 1997

AMENDED IN ASSEMBLY APRIL 9, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 732

Introduced by Assembly Member Granlund

February 26, 1997

An act to add Section 14085.58 to, and to add and repeal Sections 14085.56 and 14085.57 of, the Welfare and Institutions Code, relating to human services.

LEGISLATIVE COUNSEL'S DIGEST

AB 732, as amended, Granlund. Medi-Cal disproportionate share hospitals: capital projects.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Services, under which qualified low-income persons are provided with health care services.

Existing law generally defines a disproportionate share hospital as a hospital that has disproportionately higher costs, volume, or services related to the provision of services to Medi-Cal or other low-income patients than the statewide average. Under existing law, an eligible disproportionate share hospital may receive supplemental Medi-Cal

reimbursement to defray a portion of the debt service cost for an eligible capital project.

This bill would provide that a disproportionate share hospital meeting specified requirements that has submitted final plans for an eligible capital project may submit substitute final plans and shall qualify for supplemental reimbursement for the revised capital project if specified conditions are met.

The bill would become operative only if SB 1099 is chaptered.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14085.56 is added to the Welfare
2 and Institutions Code, to read:

3 14085.56. (a) A disproportionate share hospital that
4 has met the eligibility requirements provided for under
5 Section 14085.5, and that meets the other requirements of
6 this section, may submit substitute final plans to the
7 Office of Statewide Health Planning and Development
8 and shall qualify for supplemental reimbursement under
9 Section 14085.5 for the revised capital project as described
10 in the substitute final plans if all of the following
11 conditions are met:

12 (1) The revised capital project continues to meet all
13 other requirements for eligibility as specified in Section
14 14085.5.

15 (2) The hospital provides written notification to the
16 department of the status of the project on or before
17 January 1 of each year commencing January 1, 1999. This
18 notification shall, at a minimum, include a narrative
19 description of the project, identification of medical
20 services to be provided, documentation substantiating
21 service needs, projected construction timeframes, and
22 total estimated revised capital project costs.

23 (3) The revised plans are submitted to the Office of
24 Statewide Health Planning and Development on or
25 before December 31, 2000.

(b) A revised capital project, in order to be eligible for reimbursement under this section, shall upgrade or construct buildings and upgrade or acquire fixed equipment used for inpatient services or outpatient services that have a direct link to inpatient services.

(c) (1) A project, if eligible under the criteria set forth in this section and Section 14085.5, shall commence construction on or before January 1, 2002.

(2) In addition, the project shall be licensed for operation and available for occupancy on or before January 1, 2009.

(d) Hospital beds included in a project eligible under the criteria set forth in this section shall not be licensed or certified as skilled nursing facility beds unless the occupancy rate for free-standing nursing facilities in the same health facility planning area is at least 95 percent according to the most recent annual utilization report of long term facility data available from the Office of Statewide Health Planning and Development.

(e) Revised project costs eligible for supplemental reimbursement under this section or Section 14085.57 shall not exceed ~~70 percent of the project costs that would have~~ qualified for supplemental reimbursement under the original project, as evidenced by the architects' and engineers' certified cost estimate of the original plan submission. However, where debt was issued prior to July 1, 1996, for the capital project for which plans were originally submitted, the supplemental reimbursement shall not exceed the amount of the capital project for which the original plans were submitted and that would have qualified for supplemental reimbursement.

(f) This section shall remain in effect only until January 1, 2009, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2009, deletes or extends that date.

SEC. 2. Section 14085.57 is added to the Welfare and Institutions Code, to read:

14085.57. (a) The surviving hospital of a contractual alliance composed of a private nonprofit general acute care hospital and a disproportionate share county general

1 acute care hospital in which the combined bed capacity
2 is downsized by at least 30 percent, shall, notwithstanding
3 subparagraph (C) of paragraph (1) of subdivision (b) of
4 Section 14085.5, qualify for supplemental reimbursement
5 as long as all other requirements of Section 14085.56 and
6 this subdivision and, except where inconsistent with this
7 section, the requirements of Section 14085.5 are met:

8 (1) The private hospital system assumed operation of
9 a regional burn and trauma service originally licensed
10 under the county hospital license.

11 (2) The private hospital contracts with the governing
12 board of the county operating the county hospital, for the
13 provision of medical care to indigents for whom the
14 county has responsibility pursuant to Part 5
15 (commencing with Section 17000) and county
16 correctional facility inmates.

17 (3) The county and the private hospital agree to phase
18 out operation of the county hospital facilities by October
19 2001, and operation of the county hospital facility has
20 been completely phased out.

21 (4) The contract with the county requires that the
22 private hospital construct and operate a burn and trauma
23 facility to preserve that specialty care as a regional
24 service.

25 (5) The contract with the county requires the private
26 hospital to provide medical care for indigents for 30 years
27 and debt service for that portion of construction costs of
28 the burn and trauma unit of approximately forty-five
29 million dollars (\$45,000,000).

30 (6) The private hospital succeeds to, and is vested
31 with, the county hospital's disproportionate share
32 hospital status. The condition provided for in this
33 paragraph shall be met only when the Medi-Cal and
34 indigent care patient census acquired by the private
35 hospital meets the census level required for
36 disproportionate share status.

37 (7) Plans are submitted to the Office of Statewide
38 Health Planning and Development on or before
39 December 31, 2000.

1 (b) A supplemental reimbursement made available
2 under Section 14085.5 to a hospital meeting the
3 requirements of this section shall not exceed an amount
4 sufficient to service any remaining construction costs of
5 the burn and trauma unit up to one hundred million
6 dollars (\$100,000,000) over the forty-five million dollar
7 (\$45,000,000) amount referred to in paragraph (5) of
8 subdivision (a) for a 30-year loan.

9 (c) This section shall remain in effect only until
10 January 1, 2009, and as of that date is repealed, unless a
11 later enacted statute, that is enacted before January 1,
12 2009, deletes or extends that date.

13 SEC. 3. Section 14085.58 is added to the Welfare and
14 Institutions Code, to read:

15 14085.58. The obligation of the department to provide
16 supplemental reimbursement to a disproportionate share
17 hospital incurred pursuant to Section 14085.56 or 14085.57
18 shall not be affected by the repeal of those sections, and
19 the department shall continue to provide any
20 supplemental reimbursement required by that obligation
21 even after those sections have been repealed.

22 SEC. 4. *This bill shall become operative only if Senate*
23 *Bill 1099 of the 1997–98 Regular Session is chaptered.*

